



---

# PRELIMINARY DRAFT

## No. 3376

PREPARED BY  
LEGISLATIVE SERVICES AGENCY  
2011 GENERAL ASSEMBLY

---

### DIGEST

**Citations Affected:** IC 36-8-8-24.8; IC 36-8-8.5-14.

**Synopsis:** 1977 fund partial lump sum distribution. Provides that an active member of the 1977 police officers' and firefighters' pension and disability fund (1977 fund) who has entered the deferred retirement option plan (DROP) before July 1, 2011, may elect to receive a partial lump sum distribution. Provides that if a 1977 fund member who has entered the DROP before July 1, 2011, elects a partial lump sum distribution: (1) the 1977 fund member shall exit the DROP; and (2) the 1977 fund member's retirement benefits are calculated as if the 1977 fund member had never entered the DROP. Provides that a 1977 fund member who enters the DROP after June 30, 2011, may not elect to receive a partial lump sum distribution.

**Effective:** Upon passage.



A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 36-8-8-24.8, AS ADDED BY P.L.99-2010, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 24.8. (a) This section does not apply to a fund member who elects to enter the DROP (as defined in IC 36-8-8.5-4) under IC 36-8-8.5 **after June 30, 2011.**

**(b) This subsection applies to a fund member who enters the DROP (as defined in IC 36-8-8.5-4) before July 1, 2011, and:**

**(1) does not, before July 1, 2011, exit the DROP as provided in IC 36-8-8.5-14; or**

**(2) before July 1, 2011, exits the DROP without retiring.**

**A fund member to whom this subsection applies may elect to receive a partial lump sum distribution under this section. If a fund member makes an election under this subsection and has not exited the DROP, the fund member shall exit the DROP on the date the fund member's election under this subsection is effective. The retirement benefits of a fund member who makes an election under this subsection are calculated as if the fund member had never entered the DROP.**

~~(b)~~ **(c)** Benefits paid under this section are subject to section 2.5 of this chapter.

~~(c)~~ **(d)** As used in this section, "partial lump sum distribution" means the amount calculated under subsection ~~(f)~~ **(g)**.

~~(d)~~ **(e)** After June 30, 2010, a fund member may elect to receive at retirement a partial lump sum distribution if the fund member meets all of the following requirements on the date of the election:

**(1) The fund member is in active service.**

**(2) The fund member qualifies for a retirement fund benefit payment under section 10(b) of this chapter.**

~~(e)~~ **(f)** A fund member's election under subsection ~~(d)~~ **(e)**:

**(1) must be in writing;**

**(2) must be filed with the PERF board, on a form prescribed by**



the PERF board; and

(3) is irrevocable.

~~(f)~~ (g) The partial lump sum distribution for a fund member who makes an election described in subsection ~~(d)~~ (e) is determined in STEP TWO of the following formula:

STEP ONE: Determine the lesser of the following:

(A) The fund member's years of service for which the fund member has received service credit in the fund.

(B) Thirty-two (32).

STEP TWO: Multiply the STEP ONE amount by the fund member's monthly benefit calculated under section 11(b) of this chapter.

~~(g)~~ (h) The monthly benefit of a fund member who receives a partial lump sum distribution under this section is actuarially reduced by subtracting an amount determined by dividing the partial lump sum distribution amount determined in subsection ~~(f)~~ (g) by a rate, determined by the actuary for the fund, that is:

(1) based on the age of the fund member and, if applicable, the age of the fund member's spouse at the time the fund member elects to take the partial lump sum distribution; and

(2) computed to result in a monthly benefit amount that has an actuarial present value that approximates the partial lump sum distribution amount.

~~(h)~~ (i) A fund member who makes an election described in subsection ~~(d)~~ (e) must elect to receive the partial lump sum distribution determined in subsection ~~(f)~~ (g) as:

(1) a lump sum paid not later than thirty (30) days after the fund member's retirement date; or

(2) three (3) equal annual payments commencing not later than thirty (30) days after the fund member's retirement date and thereafter paid on the anniversary of the fund member's retirement date.

~~(i)~~ (j) This section expires July 1, 2012.

SECTION 2. IC 36-8-8.5-14, AS AMENDED BY P.L.148-2007, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) Subject to subsection (b), a member who enters the DROP established by this chapter shall exit the DROP at the earliest of:

(1) the member's DROP retirement date;

(2) thirty-six (36) months after the member's DROP entry date;

(3) the mandatory retirement age applicable to the member, if any; ~~or~~

(4) the date the member retires because of a disability as provided under section 16.5(d) of this chapter; ~~or~~

**(5) the date determined under IC 36-8-8-24.8.**

(b) A member of the 1925 fund, the 1937 fund, or the 1953 fund



1       who enters the DROP established by this chapter must exit the DROP  
2       on the date the authority of the board of trustees of the public  
3       employees' retirement fund to distribute from the pension relief fund  
4       established under IC 5-10.3-11-1 to units of local government  
5       (described in IC 5-10.3-11-3) amounts determined under  
6       IC 5-10.3-11-4.7 expires.

7       SECTION 3. **An emergency is declared for this act.**

